

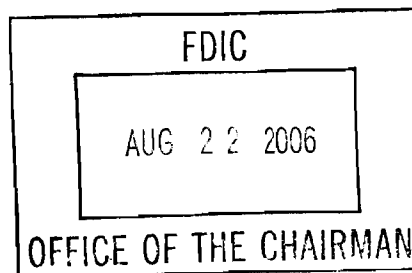
**Commerce Bancshares, Inc.**

8000 Forsyth Boulevard
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(314) 746-7488

DAVID W. KEMPER
Chairman, President and
Chief Executive Officer

August 10, 2006

Ms. Sheila C. Bair
Chairman
Federal Deposit Insurance Corp.
550 17th Street, NW
Washington, D.C. 20429

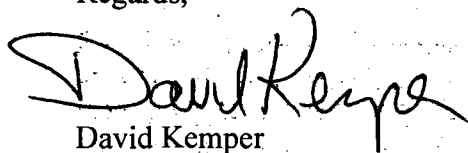


Dear Chairman Bair:

I would like to comment on proposals by the FDIC to incorporate advances from the Home Loan Banks as part of risk rating of commercial banks. The FDIC has commented in the past that advances from the Home Loan Banks to commercial banks increases the risk to the FDIC because these advances are secured by high quality bank assets. Although Commerce Bancshares has borrowed from the Home Loan Bank system primarily for ALCO reasons, we agree with you that FHLB advances do increase the risk to the FDIC. Banks should have higher risk ratings in proportion to how much they are borrowing on secured advances from the Home Loan Bank system.

Since the commercial banking system is collectively responsible for funding the FDIC insurance pool, we believe all banks should contribute proportional to their risk. If banks want to use the low cost secured source of funds from the Home Loan Bank system, they should pay more for FDIC protection on their deposits. In case of bank failure, the FDIC will not have access to some of the failed bank's best assets to pay off depositors and that could put more pressure on the whole insurance pool. We would strongly support a risk adjusted assessment that takes in to account Home Loan Bank advances.

Regards,


David Kemper